



CITY OF CONCORD

NEW HAMPSHIRE

City Hall - 41 Green Street - Concord, NH 03301 - tel. (603) 225-8510 - fax (603) 228-2701

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES

October 22, 2008

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Allen Bennett, Elizabeth Blanchard, Mark Coen, Michael Gfroerer, and Nadine Salley

Absent: Todd Haywood, Dan St. Hilaire, and Janet Sprague

Staff: Matt Walsh, Assistant for Special Projects
Joia Hughes, Consultant
Bev Rafferty, Administrative Assistant

1. Minutes of September 24, 2008 meeting:

Nadine Salley had one minor edit to the minutes: Item 2, first paragraph, second sentence: insert the word "senior" after "affordable" so the sentence reads: "This is a 41 unit affordable senior housing development."

Nadine made a motion to accept the minutes as amended; seconded by Allen Bennett; motion passed unanimously.

2. Community Development Block Grants

Friedman Court II: Matt Walsh informed CDAC this project is moving right along. The final retainage invoice has been received and the project and grant should be closed out by the end of this year. There is still approximately \$4,000 left in the Administration activity to be spent. Chairperson Bart noted that Mr. Walsh has been spending time on this grant and if Mr. Walsh has tracked his time, the city should drawdown Administration funds to cover it. Joia Hughes will also have some time to be charged against this grant before it is closed. Staff will notify George Hunton, the CDFA portfolio manager of this grant, that Mr. Walsh's time and Ms. Hughes' time will be a charge against the Administration activity.

Tremblay Court: Matt Walsh informed CDAC both the Tremblay Court and Camp Spaulding CDBG applications had not been approved for funding in the July round. The announcement was made on October 16, 2008. Mr. Walsh noted the competition was very stiff this time around and he reviewed the listing of the grants that were funded. All of the projects awarded were very worthy projects. Mr. Walsh sees no reason to appeal because of how far down the city's applications were in the scoring process and he sees no reason for the city to resubmit either of them for the January 2009 round.

As of this date the city has not notified the residents of Tremblay Court nor Camp Spaulding that the funding was not awarded. Michael Gfroerer noted that a lot of the projects awarded were for the amount of \$500,000 and Matt Walsh informed him that \$500,000 was the

maximum amount that could be applied for and most of the projects awarded were multi-million dollar projects.

Camp Spaulding is looking at other sources of funding and this set back should not inhibit the project from moving forward.

The existing sewer system problem at the residence on Tremblay Court will remain. It is sporadic at this time. The city may be able to work with the one owner who has the problem.

Chairperson Bart inquired if there is any funding for Camp Spaulding that we know of but Matt Walsh indicated that he was not aware of any other sources. Child and Family Services (C&FS) could apply again for the next CDBG round and if the city does not want to fund it, C&FS could apply through the County. Mr. Walsh indicated they have other funds from which to draw.

Elizabeth Blanchard inquired about the situation with the sewer on Tremblay Court. Mr. Walsh explained that when the city first learned of the problem about a year ago, the problem was sporadic and remains that way. With respect to water repairs, Mr. Walsh explained that a new 1" water main was installed from Walker Street to the end of Tremblay Court. He further explained that the City also installed a new gate valve which will allow for individual water services to be shut off as needed.

Mark Coen inquired whether the home owners connected to the piggy-backed sewer system could apply for a "group" loan to remedy that situation. Mr. Walsh replied that they could, whereby each homeowner would be responsible for an equal share of the cost. However, the cost of the work would be roughly \$100,000, or approximately \$20,000 each for the 5 homes connected to the system.

Chairperson Bart noted the reason the city applied for the grant was that a loan was not financially feasible for the homeowners. The city tried for an emergency grant but the State did not accept that either.

Nadine Salley inquired if the city knows the income levels of the homeowners. The city does have that information as it had to be included in the grant application in order to justify the low/mod income criteria. There was discussion about the homeowners having to disclose the water/sewer problem if a person wanted to buy their home. Matt Walsh noted the current sewer system is a piggyback system and speculated that some disclosure to a buyer would have to be provided by the existing home owners.

Mark Coen inquired if the home with the sewer problem is worth putting money into it but the homes downstream may not feel they want to put money into it because it is not a problem for their homes. There may be some health issues and Matt Walsh may need to ask Joe LaBontee, housing inspector for the city, to review that.

When Matt Walsh does the letters to the homeowners about the grant not being funded, he will be put in the letter that the city would be willing to work on a permanent solution for them.

Mr. Walsh stated that City staff now views this issue as being closed. He added that CDAC will not be involved with future issues at Tremblay Court unless the homeowners make application for a loan or future grant funds. Chairperson Bart directed staff to specifically

present the possibility of a loan when formal notification concerning the failed CDBG application is mailed to the neighborhood.

Letters of interest for January 2009 round of CDBG funding: Staff informed CDAC that letters seeking proposals for the January 2009 round of CDBG funding had been sent to local day care providers and social service agencies with a deadline to respond of November 7, 2008. Chairperson Bart inquired as to whether Camp Spaulding will want to reapply for funds in January. Mr. Walsh noted that this is a possibility, however, he is unsure if the project would have a better chance for funding as competition for Community Development Block grants is likely to remain intense for the immediate future.

Members of CDAC also expressed concerns about the City's operating budget in relation to administrative revenues from successful CDBG applications used to support the Grants and Projects Specialist position (currently occupied by Joia Hughes on a part-time basis). Mr. Walsh explained that he was not concerned at this time, as Ms. Hughes hours are very limited and the City might have a successful CDBG application during the January round. Ms. Hughes added that she is meeting later in the week with Riverbend Mental Health as they have approached the city about a possible proposal.

3. **Revolving Loan Fund:**

➤ **Continued discussion re: M. Flournoy amendment request to loan approved at August meeting:** Bev Rafferty explained that at the September CDAC meeting, CDAC had asked staff to do more research on Mr. Flournoy's request for additional funds with which to have his home hooked up to the City's sewer system. Specifically CDAC asked staff to check with the City Code Division to see what must be complied with for septic tank removal, whether the home could be on both the septic and city sewer system, as well as to find out why the applicant was requesting only \$1,000 when they could request more to complete the project now (i.e. remove the septic tank and get fully connected to the city's system).

Ms. Rafferty reported that she spoke with Mr. Flournoy about requesting additional funds in order to have the septic tank removed and have the entire home set up on the city sewer system. As a result, the Flournoy's are now requesting \$6,100 more in order to do the complete septic tank removal, have the ground filled in, and do the full hook up to the city's system. This additional loan would increase their payment from \$113.95 to \$156.07. Ms. Rafferty reported that Mr. Flournoy had informed her he would be comfortable with this new payment amount.

Ms. Rafferty continued that she had done further research regarding city code allowing homes to be connected to both the city sewer system and a septic tank for one kitchen drain and Dan Clark, the city's Plumbing Inspector, contacted the State Dept. of Environmental Services and was informed that there are no regulations stating the Flournoy's would have to discontinue use of the septic tank if they hook up to the city sewer system as long as the city had no objections to the proposed set-up.

When Ms. Rafferty explained to Rob Young, General Services Department Water Division, what the Flournoy's wanted to do, leave the kitchen sink draining to the septic tank and the rest of the home hooked up to the city system, Mr. Young said the City's General Services Department would have no objections. However, he noted that the City's sewer bills are based on water usage. Therefore, it would be impossible to credit

the owner for any waste water which continues to go to the leach field as opposed to the City sewer system.

In talking with Mr. Flournoy, Ms. Rafferty discovered that the city had been billing the Flournoy's for sewer service when, in fact, they are not hooked up to the city system. This precipitated further discussion with the city's water billing division at General Services. Rob Young at General Services Water Division confirmed they had been billing the Flournoy's for sewer service as the GSD assumed that the home was connected to the municipal system when the service pipe was laid from the street to the house. If it could be confirmed that the Flournoy's are not hooked up to the city's system, General Services would issue a refund. Consequently, Ms. Rafferty arranged for Dan Clark, the city Plumbing Inspector, to inspect the situation. Mr. Clark confirmed the Flournoy's are not hooked up to the city sewer system and, thus, the Flournoy's will receive a refund from the City.

One additional item that arose with this further research was that the Flournoy's were on a payment plan with the city General Services Department because of past due water bills. The Flournoy's had not informed staff of this payment plan. Mr. Young later confirmed a credit to the Flournoy's account of \$1,419.44 (city sewer never connected) less the water utility bill owed of \$1,065.06 leaving a refund to the Flournoy's of \$354.38.

Members of CDAC recalled that during the September meeting, Janet Sprague had noted the high debt-to-income ratio on this loan application. Thus, Nadine Salley inquired whether CDAC could extend the term of the revised loan so that the debt-to-income ratio stayed the same as the previously approved initial loan. The payment would remain approximately the same (\$113.) but the Flournoy's could still make a \$156/month payment and staff would apply the additional amount to the principal thereby paying off the loan early without any change to the debt-to-income ratio.

After some further brief discussion, Michael Gfroerer made a motion to approve the additional loan amount of \$6,100 and to extend the term of the loan to keep the debt-to-income ratio the same as was approved by CDAC in August; motion seconded by Nadine Salley; passed unanimously.

- **J. Spaulding:** Joia Hughes met with Ms. Spaulding last Friday. Joia informed CDAC in significant detail of Ms. Spaulding's situation. Joia continued that the Community Action Program had provided heat and electricity and food pantry assistance to her and Ms. Spaulding had received funding for some medical assistance as well. Joia continued that the house also has some structural concerns.

Staff is recommending suspending loan payments indefinitely but keeping the lien on the property as, should the home be sold in the future, the city may be able to re-coop some of its money.

Allen Bennett made a motion that loan payments be suspended indefinitely but keep the lien on the property; seconded by Jeff Bart; motion passed unanimously. CDAC further directed staff to send a letter to Ms. Spaulding informing her of this decision and no further action will be required at this time.

- **Lucas Ellsworth loan request:** Joia Hughes informed CDAC that Mr. Ellsworth had applied for a loan to have a new heating system put in as his chimney and furnace are

both in major need of repair. The home currently has no heat. This is a major concern as his companion and three children live with him. Mr. Ellsworth would like to install a new gas fired wall-vented heating system. Joia gave a brief review of his application and explained his credit history and noted that his attempts to go through conventional banking facilities have failed. The Revolving Loan Fund is his last option.

She further explained that when Mr. Ellsworth purchased the house, about a year ago, the inspector did not turn on the heat so he had no way of knowing that the furnace and chimney were in such condition. He has no equity in the home either. She continued that his debt to income ratio at this time is 57% and it will increase in May 2009 to 63% due to student loans coming due. She noted that if he combines all the student loans, the percent may be slightly lower. CDAC inquired if Community Action could help with this furnace installation but Joia Hughes noted that Community Action has a waiting list at this time.

The cost to install the new wall-vented furnace is \$4,380 and Mr. Ellsworth is requesting \$2,880 as the local gas company (National Grid) will provide him a \$1,500 rebate for the cost as he will be converting the home's heating system from oil to gas. Further discussion ensued regarding Mr. Ellsworth's credit history and what will happen if he cannot afford the payments after May 2009 or if he files bankruptcy. Ms. Hughes noted Mr. Ellsworth has the income and is not a person who would benefit from bankruptcy.

Although staff did not recommend the loan due to credit and equity issues, they noted that Mr. Ellsworth has no other options. Thus, because of the modest amount of the loan, as well as the fast approaching Winter heating season, staff believes that it would be appropriate for CDAC to make the loan. Discussion ensued regarding how the housing inspector could not have identified this issue during his inspections prior to the sale of the property.

Michael Gfroerer asked if CDAC had the discretion to lend this money. Staff confirmed that CDAC has the authority to waive its rules and guidelines with respect to equity, debt to income ratios, and income when CDAC believes unique situations warrant such actions. Allen Bennett made a motion to approve the loan in the amount of \$2,880 at the rate of 3% interest for a five year term; seconded by Elizabeth Blanchard; motion passed unanimously.

- **Vegas Building:** There was some discussion regarding the Vegas Building as the new owners have reached an agreement with Concord Steam to get the heat turned back on for the tenants. Joia Hughes had received a listing of the rentals from the owner but it was not enough to get them a loan. The building alone is not going to support a loan. There is no hot water, the elevator is out of compliance, and the windows are in need of repair. The RFP for the next round of CDBG funding is out and the owners could put in a request for grant monies for the windows. The structural concerns that Joe LaBontee, the city's housing inspector, wants addressed could come up to the \$500,000 maximum but the owner would have to keep the 34 units affordable for 10 - 20 years. Joia also noted that the owners, a realty LLC, own property in Manchester and another building in downtown Concord.

Members of CDAC inquired as to how the situation with this property arose. Staff reported that the purchase of the property was financed by Indymac. It was noted that this bank recently was taken over by the FDIC. Staff also discussed Indymac's lose loan

practices. Thus, the property was mortgaged for far beyond its current market value. Discussion about what is best for the building, the tenants, and downtown Concord ensued. Discussion about finding a qualified developer to acquire the building also ensued. However, this would be difficult as the current owner paid far more than the building is currently worth. Thus, any sale would be a “short sale”, requiring approval of the owners and the FDIC.

Staff inquired whether CDAC would entertain a proposal from the current owner to apply for a CDBG to remedy issues at the property. Staff stated that the property would be eligible provided the owner agreed to keep rental units at affordable levels for up to 20 years. Staff stated that given the unique needs of the tenants in the building, it would be very challenging to find new housing which would be suitable.

After additional discussion, CDAC agreed that it would be willing to entertain a proposal from the owner, provided that any proposal is complete and includes all information required for CDAC to make a decision (income levels of tenants, a specific scope of work for improvements, income and expense data for the property, etc.).

- **Program Income Reuse Plan:** Due to the time, this item will be discussed at the November CDAC meeting.
- **Racquet Club of Concord:** Matt Walsh very quickly informed CDAC that Mr. Nelson, the owner of the Club, had not made double payments as he had said he would but he did make a \$1,000 payment against each loan in September. CDAC inquired how the Club property was held. Mr. Walsh will check with the Legal office to see how that is arranged. Mark Coen suggested that Mr. Walsh make a phone call to Mr. Nelson once a month as a friendly reminder.
- **The YMCA:** Staff informed CDAC that the “Y” did make a payment in September but it was applied to the April billing so they are still five months in arrears. The “Y” still believes they will pay off their loan in the Spring of 2009.

As a note, Matt Walsh informed CDAC that he had recently done a radio show regarding the Revolving Loan Fund Program.

4. Other Business

Bev Rafferty reminded CDAC that due to the Thanksgiving holiday, next month’s meeting will be held a week earlier on November 19th.

There was no other business brought before the Committee.

5. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:20 P.M.

Respectfully Submitted,

Beverly A. Rafferty
Administrative Assistant